

Message Text

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DRAFTED BY E:RPOATS:LVS

APPROVED BY E:CWROBINSON

S/S - MR. ORTIZ

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 305570 TOSEC 250106

NODIS

CHEROKEE

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: IRAN OIL

TO THE SECRETARY FROM ROBINSON.

1. BASED ON OUR TELEPHONE CONVERSATION THIS MORNING, I SENT A MESSAGE TO MINISTER ANSARY THROUGH HELMS COUCHED IN MORE POSITIVE TERMS, WHICH READS AS FOLLOWS: QUOTE. PLEASE CONVEY TO MINISTER ANSARY FOLLOWING ADDITIONAL MESSAGE SUPPLEMENTING REF D.:

A. SECRETARY KISSINGER WANTS TO REAFFIRM THE CONFIDENCE HE EXPRESSED IN LONDON THAT AN OIL AGREEMENT CAN BE CONCLUDED ON A MUTUALLY SATISFACTORY BASIS WHICH WILL ACHIEVE YOUR OBJECTIVE OF INCREASING IRAN'S OIL EXPORTS BY 500,000 BARRELS PER DAY.

B. AS EXPLAINED REF D, U.S. DEFENSE DEPARTMENT WILL SWAP SOME PORTION OF NIOC CRUDE OIL TO U.S. REFINERY COMPANIES IN CONNECTION WITH THEIR OVERALL PETROLEUM PRODUCT PURCHASE

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PROGRAM. CASH SALES OF OTHER PORTION SHOULD NOT INTERFERE

WITH NORMAL IRANIAN SALES TO THEIR U.S. BUYERS IF IRAN'S
REGULAR PRICES ARE COMPETITIVE WITH OTHER OPEC COUNTRIES.

C. WE HOPE TO OBTAIN CONGRESSIONAL APPROPRIATION FOR THIS
PROGRAM WITHOUT UNDUE DELAY, BUT AS CONGRESS DOES NOT

RECONVENE UNTIL JANUARY 19, WE FELT THAT YOU SHOULD BE
ADVISED OF THIS UNAVOIDABLE CAUSE OF DELAY.

D. WE ARE HOPEFUL THAT THIS DELAY WILL NOT PREVENT
COMPLETION OF AN OIL AGREEMENT WHICH WOULD BE IN OUR
MUTUAL INTEREST.

E. PLEASE EXPRESS TO MINISTER ANSARY OUR REGRETS OVER THE
DELAY IN THIS NEGOTIATION AND OUR BEST WISHES FOR A
SUCCESSFUL CONCLUSION IN THE NEW YEAR. UNQUOTE.

2. AT MY MEETING WITH BOB ELLSWORTH THIS MORNING, HE
AGREED TO MODIFY HIS TWO KEY RESERVATIONS REFLECTED IN MY
MEMO TO BRENT SCOWCROFT OF DECEMBER 30 AS FOLLOWS:

A. HE EXPRESSED THE HOPE THAT DOD COULD FIND A WAY TO
AVOID THE AUTHORIZING LEGISLA;-ON STEP AND SAID HE WOULD
ENCOURAGE EFFORTS BY OUR RESPECT-VE LEGAL COUNSELS TO DO
SO. (NO WAY TO AVOID THE APPROPRIATION STEP HAS BEEN
FOUND.)

B. HE HAS AGREED TO REDUCE HIS PROFIT MARGIN OBJECTIVE
FROM DOLS. 2.00 DOWN TO DOLS. 1.00 PER BBL., WHICH IS
ABOUT WHAT WE HAVE PROJECTED UNDER OUR PROPOSED AGREEMENT.
FURTHERMORE, HE MAKES CLEAR THAT THIS IS A PERSONAL
OBJECTIVE THAT SHOULD NOT IN ANY WAY LIMIT OUR NEGOTIATION
WHICH HE RECOGNIZES WILL REFLECT A COMPROMISE ON THIS
ISSUE.

3. WE ARE PUSHING AHEAD AND HOPEFULLY WILL BE IN A
POSITION TO SUBMIT A FORMAL PROPOSAL TO IRAN SHORTLY
AFTER YOUR RETURN TO WASHINGTON. ROBINSON

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